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Business Taxes

Seattle Mulls Taxing Big Business for Homeless Services

The Seattle City Council is considering a proposal to tax businesses with gross receipts in the city of \$5 million or more to provide housing and services for the Seattle's homeless people.

If passed, the proposal—called HOMES, short for housing, outreach and mass-entry shelter—would raise \$24 million annually and would take effect in 2018, Council Member Mike O'Brien told Bloomberg BNA Oct. 13. He linked the city's booming economy and rapidly escalating housing prices to the crisis in homelessness and said big business that has benefited from the boom should help address it.

The tax would be levied on hours worked by employees based on a full-time-equivalent employee working 2,080 hours per year. That would generate \$100 per year, per-employee at a rate of 4.8 cents per hour, O'Brien said. It would impact about 10 percent of Seattle businesses.

"We do have a crisis here, and if we look at the boom we've had in Seattle for the last half dozen years, a lot of folks have made a lot of money," O'Brien said. "We have generated significant wealth in our city. And at the same time, we also see more and more people living in poverty. And when I look at a fair way to fund this, the folks who have benefited from the boom I believe

should be the ones paying for a solution for the ones hurt by the boom."

The proposal has yet to be crafted into a bill and is part of the city's budget process. O'Brien said he believes the tax will pass. What remains to be seen is whether the measure will get enough support to override a potential veto from the mayor.

Business Community Balks Seattle Metropolitan Chamber of Commerce President and CEO Maud Daudon opposes the proposed tax. "We need to invest our resources wisely toward solutions that work, instead of pursuing a new tax on jobs," Daudon said.

"This is not a resource issue. It's a matter of political will," she added, noting that the city has seen an influx of \$360 million in new dollars in the general fund and from a housing levy.

Based on the city's \$15 minimum wage, "the maximum this would cost a business is it would increase their costs 0.3 percent, and that would be an all-minimum-wage company with only labor costs," O'Brien said. "Yes, if it passed, Amazon would write a \$4 million check. But relative to the size of the business, it's a very modest amount. And it's hard for me to believe that it would have a meaningful impact on a business's bottom line or willingness to stay in Seattle."

BY PAUL SHUKOVSKY

To contact the reporter on this story: Paul Shukovsky in Seattle at PShukovsky@bna.com

To contact the editor responsible for this story: Jennifer McLoughlin at jmcloughlin@bna.com